

AMENDED IN ASSEMBLY MAY 24, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 125**

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**Introduced by Assembly Member Wieckowski**

January 14, 2013

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An act to amend Section 22212.5 of the Education Code, relating to state teachers' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 125, as amended, Wieckowski. State teachers' retirement: executive and managerial positions.

The State Teachers' Retirement Law, which is administered by the Teachers' Retirement Board, prescribes a comprehensive system of rights and benefits for its members, including disability benefits, retirement benefits, and death benefits. Existing law requires the Teachers' Retirement Board to fix the compensation of specified executive and managerial positions, including that of the chief executive officer, system actuary, general counsel, chief investment officer, and other investment officers and portfolio managers whose positions are designated as managerial, and to whom specified procedures and conflict-of-interest provisions apply.

This bill would add the positions of chief operating officer and chief financial officer to those positions for which the board is required to fix the compensation and would make the individuals holding those positions subject to those conflict-of-interest provisions. The bill would ~~also~~ prohibit the salaries of the chief operating officer and the chief financial officer from exceeding 110% of the maximum salary payable to an investment director of the system, as specified. The bill would ~~additionally~~ remove the positions of chief of staff and chief financial

officer from those positions that are subject to conflict-of-interest provisions that limit postemployment appearances before, or communication to, the board. *The bill would also require the board to report to the fiscal committees of the Legislature, as specified, on the cost savings realized because of these new positions.*

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 22212.5 of the Education Code is  
2 amended to read:

3 22212.5. (a) Except as otherwise provided in subdivision (d),  
4 this section shall apply to the following positions in the system:  
5 chief executive officer, chief operating officer, chief financial  
6 officer, system actuary, general counsel, chief investment officer,  
7 and other investment officers and portfolio managers whose  
8 positions are designated managerial pursuant to Section 18801.1  
9 of the Government Code.

10 (b) (1) Notwithstanding Sections 19816, 19825, 19826, 19829,  
11 and 19832 of the Government Code, the board shall fix the  
12 compensation for the positions specified in subdivision (a). In so  
13 doing, the board shall be guided by the principles contained in  
14 Sections 19826 and 19829 of the Government Code, consistent  
15 with its fiduciary responsibility to its members to recruit and retain  
16 highly qualified and effective employees for these positions.

17 (2) The salary for the chief operating officer and the chief  
18 financial officer fixed pursuant to paragraph (1) shall not exceed  
19 110 percent of the maximum salary payable to an investment  
20 director of the system.

21 (c) When a position specified in subdivision (a) is filled through  
22 a general civil service appointment, it shall be filled from an  
23 eligible list based on an examination that was held on an open  
24 basis, and tenure in those positions shall be subject to the provisions  
25 of Article 2 (commencing with Section 19590) of Chapter 7 of  
26 Part 2 of Division 5 of Title 2 of the Government Code. In addition  
27 to the causes for action specified in that article, the board may take  
28 action under the article for causes related to its fiduciary  
29 responsibility to its members, including the employee's failure to  
30 meet specified performance objectives.

1 (d) An individual who held a position designated in subdivision  
2 (a), or was a member of the board, a deputy chief executive officer,  
3 or was in an equivalent senior management position, shall not, for  
4 a period of two years after leaving that position, for compensation,  
5 act as agent or attorney for, or otherwise represent, any other  
6 person, except the state, by making any formal or informal  
7 appearance before or by making any oral or written communication  
8 to the board, or any officer or employee thereof, if the appearance  
9 or communication is made for the purpose of influencing  
10 administrative or legislative action or any action or proceeding  
11 involving the issuance, amendment, awarding, or revocation of a  
12 permit, license, grant, contract, or sale or purchase of goods or  
13 property.

14 (e) *Twelve months after filling the chief operating officer*  
15 *position or chief financial officer position, the board shall report*  
16 *to the fiscal committees of the Legislature, in compliance with*  
17 *Section 9795 of the Government Code, on the improvements and*  
18 *cost savings realized because of these new positions. In particular,*  
19 *the board shall report on savings resulting from reduced*  
20 *contracting and greater use of internal resources. The board shall*  
21 *continue to report annually thereafter.*